



Virginia
Regulatory
Town Hall

Emergency Regulation Agency Background Document

Agency Name:	Dept. of Medical Assistance Services; 12 VAC 30
VAC Chapter Number:	12 VAC 30-70
Regulation Title:	Methods and Standards for Establishing Payment Rates- Inpatient Hospital Services
Action Title:	Inpatient Inflation in SFY2004
Date:	April 30, 2003; GOV ACTION NEEDED BY 06/27/03

Section 9-6.14:4.1(C)(5) of the Administrative Process Act allows for the adoption of emergency regulations. Please refer to the APA, Executive Order Twenty-Four (98), and the *Virginia Register Form, Style and Procedure Manual* for more information and other materials required to be submitted in the emergency regulation submission package.

Emergency Preamble

This regulatory action qualifies as an emergency, pursuant to the authority of the Code of Virginia, 1950 as amended, § 2.2-4011, because it is responding to a change in the Virginia Appropriations Act that must be effective within 280 days from the date of enactment of the Appropriations Act (the 2003 Appropriation Act, Conference Report, Item 325 #13c (conferees report)) and this regulatory action is not otherwise exempt under the provisions of the Code § 2.2-4006.

This action is intended to be applicable to payments for services in State Fiscal Year 2004 only. Since this is the time period in which this emergency regulation will be effective, there is no need for DMAS to continue regulating the issue contained in this emergency regulation past the effective period permitted by this emergency action. Therefore DMAS is not seeking approval of a Notice of Intended Regulatory Action in conformance to § 2.2-4007.

The regulatory action proposes to amend the reimbursement of hospitals, providing that inpatient rates shall be increased effective July 1, 2003, by an inflation adjustment that is calculated in a manner to ensure that the increase in payments does not exceed the appropriation provided, or \$10,863,375.

Basis

The *Code of Virginia* (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The *Code of Virginia* (1950) as amended, § 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board's requirements.

The Medicaid authority as established by § 1902 (a) of the Social Security Act [42 U.S.C. 1396a] provides governing authority for payments for services.

Substance

The section of the State Plan for Medical Assistance affected by this action is Methods and Standards for Establishing Payment Rates-Inpatient Hospital Services (12 VAC 30-70-351).

Provisions for adjusting hospital inpatient rates for inflation are contained in 12 VAC 30-70-351. The proposed amendment would add language providing that the adjustment for inflation applicable to the time period of SFY2004, would not be based on the normal methodology, but would be calculated to expend no more than the amount prescribed by the Appropriations Act (\$10,863,375). Because the Appropriations Act also provides for re-basing of hospital rates for SFY2005, and because all new inflation factors are calculated for each new state fiscal year, this provision will affect rates only in SFY2004, as intended.

The proposed methodology will make an estimate of the inflation factor that will expend no more than \$10.9 million. This inflation factor will be used to set rates for SFY2004. The actual increase in expenditures will be slightly more or less than the amount appropriated, based on the difference between forecasted and actual patient volume in SFY2004.

Alternatives

No alternatives were considered to this proposed change. The requirements of the Appropriations Act were relatively simple and straightforward, and multiple options for implementation do not exist.

Family Impact Statement

This regulation has no impact on recipients or their families. These changes do not strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; strengthen or erode the marital commitment; or increase or decrease disposable family income.

This regulation affects the reimbursement rates paid to hospitals serving Medicaid recipients. This change alone would not be expected to affect recipients or their families in any appreciable way.